

Message Text

LIMITED OFFICIAL USE

PAGE 01 BRASIL 01942 01 OF 02 112047Z
ACTION EB-08

INFO OCT-01 ARA-06 ISO-00 AGRE-00 CEA-01 CIAE-00 COME-00
DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00
NSC-05 PA-01 AID-05 SS-15 STR-04 ITC-01 TRSE-00
USIA-06 PRS-01 SP-02 OMB-01 FEA-01 STRE-00 /081 W
-----112145Z 130766 /67
R 112015Z MAR 77
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 501

LIMITED OFFICIAL USE SECTION 1 OF 2 BRASILIA 1942

PASS TO STR

E.O. 11652: N/A
TAGS: ETRD, EFIN, BR
SUBJ: TEXT OF MEMORANDUM TO AMBASSADOR FROM REPRESENTATIVES OF
BRAZILIAN SHOE INDUSTRY

REF: BRASILIA 1858

INFORMAL TRANSLATION OF MEMORANDUM DELIVERED TO AMBASSADOR
CRIMMINS ON MARCH 9 BY REPRESENTATIVES OF BRAZILIAN SHOE
INDUSTRY (SEE REFTEL) IS AS FOLLOWS:

MR. AMBASSADOR: YOUR EXCELLENCY KNOWS OF THE
CONCERN CAUSED TO THE BRAZILIAN FOOTWEAR SECTOR BY
THE POSSIBILITY OF APPLICATION OF NEW MEASURES
RESTRICTING IMPORTS OF SHOES BY THE UNITED STATES
OF AMERICA, BASED ON THE SUGGESTIONS PRESENTED BY
THE INTERNATIONAL TRADE COMMISSION, ON FEBRUARY 8,
1977, TO HIS EXCELLENCY, PRESIDENT JIMMY CARTER.

IT IS APPROPRIATE, THEREFORE, TO CONSIDER SOME
FACTORS THAT WE THINK ARE IMPORTANT IN THE PROCESS OF
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRASIL 01942 01 OF 02 112047Z

DEVELOPING THE BRAZILIAN FOOTWEAR SECTOR,
STARTING WITH THE EXPORT TO THE UNITED STATES
SINCE THE BEGINNING OF THIS DECADE, AND PRESENTLY
PUTTING BRAZIL IN A CONDITION OF NEAR EQUALITY WITH
THE MAIN SUPPLIERS TO THE AMERICAN MARKET.

AS A RESULT OF THIS COMMERCIAL EXPANSION ABROAD,

THE BRAZILIAN SHOE AND TANNING FACTORIES INCREASED THEIR INDUSTRIAL INSTALLATIONS AND CREATED NEW JOB OPPORTUNITIES, AND THE POSITIVE EFFECT OF ALL THIS WAS EXTENDED TO OTHER SECTORS OF THE ECONOMY, ESPECIALLY THOSE RELATED TO THE SUPPLYING OF COMPONENTS SUCH AS RUBBER, CHEMICAL INPUTS, TEXTILES, ETC. WHICH HAS MADE POSSIBLE A GREATER DEGREE OF VERTICAL INTEGRATION AMONG THE INDUSTRIES LOCATED IN BRAZIL, NATIONAL AND FOREIGN. THE SPREADING OF THESE BENEFITS HAS RENDERED A MORE EFFECTIVE AND DYNAMIC UTILIZATION OF MANY AREAS OF THE COUNTRY, MAINLY IN THE NORTHEAST OF THE COUNTRY, REDUCING THE FOCUS OF SOCIAL TENSIONS RESULTING FROM UNEMPLOYMENT AND UNDER-EMPLOYMENT.

BRAZILIAN FOOTWEAR TODAY IS BURDENED BY THE UNITED STATES WITH A SURTAX THAT VARIES FROM 4.8 TO 12.3 PERCENT.

GENERALLY, IN PRIOR NEGOTIATIONS WHICH RESULTED IN THE APPLICATION OF THE ABOVEMENTIONED SURTAX, BRAZIL HAD ALREADY INDICATED THAT IF THE INCENTIVES GIVEN TO THE NATIONAL INDUSTRIES WERE ILLEGAL, ALSO THE APPLICATION OF TARIFF/QUOTA WOULD BE ILLEGAL, SINCE THE RULES OF THE GATT ARE CLEAR AND CONCLUSIVE.

THE SHOE-LEATHER INDUSTRY OF OUR COUNTRY IS FOR THE MOST PART MADE UP OF SMALL AND MEDIUM SIZED COMPANIES DISTRIBUTED NATIONALLY AND IS LABOR INTENSIVE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BRASIL 01942 01 OF 02 112047Z

WE NOTE THAT LARGE FOREIGN CORPORATIONS IN BRAZIL EXPORTING TO THE UNITED STATES BENEFIT FROM MORE SUBSTANTIAL INCENTIVES THAN THOSE CONCEDED TO THE NATIONAL SHOE SECTOR AND THEY DO NOT SUFFER FROM ANY OBSTACLES BY THE AMERICAN GOVERNMENT.

IF PRESIDENT JIMMY CARTER ESTABLISHES A QUOTA FOR THE EXPORTATION OF SHOES WITH 1974 AS THE BASE YEAR, IT WOULD BE CONSIDERED AS AN INJUSTICE, TAKING INTO CONSIDERATION THE EXCELLENT PERFORMANCE OF THE BRAZILIAN SHOE INDUSTRY IN THE NORTH-AMERICAN MARKET, AT THE TIME WHEN SPAIN AND ITALY ARE DECREASING THEIR (SHOE) EXPORTS TO THE UNITED STATES, AND THE CONTINUED ACCEPTANCE BY THE U.S. CONSUMER OF THE BRAZILIAN PRODUCT.

TO DIVERSIFY MARKETS AT THIS MOMENT WOULD BE VERY

DIFFICULT FOR THE NATIONAL MANUFACTURERS. AT THE SAME TIME, WE CONSIDER IT AS INJURIOUS FOR THE AMERICAN ECONOMY ITSELF, BECAUSE OF THE INFLATIONARY IMPACT, SINCE THE U.S. DEMAND FOR SHOES CONTINUES TO GROW AND A REDUCTION IN THE SUPPLY COULD RAISE SUBSTANTIALLY THE PRICE OF THE PRODUCT.

IF WE TAKE INTO CONSIDERATION THE HIGHER PRICES OF SPAIN AND ITALY, PRINCIPALLY THE PRICES OF THE LATTER COUNTRY, WE BELIEVE THAT THE APPLICATION OF A TARIFF/QUOTA ON BRAZILIAN SHOES WILL INCREASE THE PRESENCE OF THE HIGHER PRICED EUROPEAN PRODUCTS IN THE UNITED STATES, WITH THE SAME ABOVE-MENTIONED INFLATIONARY EFFECTS.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BRASIL 01942 02 OF 02 112044Z

ACTION EB-08

INFO OCT-01 ARA-06 ISO-00 STRE-00 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 SS-15 STR-04 ITC-01

TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01 /081 W

-----112145Z 130708 /67

R 112015Z MAR 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 502

LIMITED OFFICIAL USE SECTION 2 OF 2 BRASILIA 1942

PASS TO STR

ANOTHER REVELANT FACTOR FOR AN ANALYSIS OF THE PROBLEM REFERS TO THE IMPACT THESE RESTRICTIONS COULD HAVE UPON THE GOOD RELATIONS BETWEEN BRAZIL AND THE U.S., ERECTING ANTI-AMERICAN SENTIMENTS IN OUR COUNTRY TO THE DETRIMENT OF FREE FLOW OF THE TRADE.

WE ARE CONFIDENT, MR. AMBASSADOR, THAT YOUR EXCELLENCY WILL SEE THE QUESTION WITHIN THE CLIMATE OF RECIPROCAL UNDERSTANDING WHICH HAS GUIDED THE EXCHANGES BETWEEN THE TWO COUNTRIES.

WE AVAIL OURSELVES OF THIS OPPORTUNITY TO PRESENT
TO YOUR EXCELLENCY THE ASSURANCES OF OUR HIGHEST
ESTEEM. SIGNED BY: ERNANI REUTER, PRESIDENT
OF THE INDUSTRIAL AND COMMERCIAL ASSOCIATION
OF NOVO HAMBURGO; NIVEO LEOPOLDO FRIEDERICH,
PRESIDENT OF THE SYNDICATE OF THE SHOE INDUSTRIES
OF NOVO HAMBURGO; ARMIN RUDY BLOS, PRESIDENT
OF THE SYNDICATE OF THE SHOE INDUSTRIES OF
CAMPO BOM; ARNO KUSHLER, PRESIDENT OF THE
SYNDICATE OF THE SHOE INDUSTRIES OF
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRASIL 01942 02 OF 02 112044Z

SAPIRANGA; SEBASTIAN BURBULHAN, PRESIDENT
OF THE SYNDICATE OF THE SHOE INDUSTRIES
OF SAO PAULO; JORGE ALEXANDRE ATTIE, PRESIDENT
OF THE SYNDICATE OF SHOE INDUSTRIES OF
FRANCE.
CRIMMINS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOOTWEAR, TRADE CONTROLS, DIPLOMATIC COMMUNICATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BRASIL01942
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770085-0083
Format: TEL
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770370/aaaacjuv.tel
Line Count: 192
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: adde3dba-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BRASILIA 1858
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3142991
Secure: OPEN
Status: NATIVE
Subject: TEXT OF MEMORANDUM TO AMBASSADOR FROM REPRESENTATIVES OF BRAZILIAN SHOE INDUSTRY
TAGS: ETRD, EFIN, BR
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/adde3dba-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009